

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7770

Amended Joint Petition of Central Vermont Public Service)
Corporation ("CVPS"), Danaus Vermont Corp., Gaz Métro)
Limited Partnership ("Gaz Metro"), Gaz Métro inc., Northern)
New England Energy Corporation ("NNEEC") for itself and as)
agent for Gaz Métro's parents, Green Mountain Power)
Corporation ("GMP") and Vermont Low Income Trust for)
Electricity, Inc. ("VLITE"), for approval of: (1) the merger of)
Danaus into and with CVPS; (2) the acquisition by NNEEC of)
the common stock of CVPS; (3) the amendment to CVPS's)
Articles of Association; (4) the merger of CVPS into and with)
GMP; and (5) the acquisition by VLITE of a controlling)
interest in Vermont Electric Power Company, Inc.)

Order entered: 11/4/2011

REVISED SCHEDULING ORDER

On September 27 and October 3, 2011, the Public Service Board ("Board") issued scheduling orders for this docket. On October 27, 2011, the Vermont Department of Public Service ("Department") filed a motion with the Board proposing significant modifications to the existing schedule.¹

By memorandum dated October 27, the Board requested responses to the Department's motion by October 31, 2011. The Petitioners filed a response on October 31 to which the Department replied on November 1. In addition, AARP,² the City of Burlington Electric Department and Omya, Inc. ("Omya") each filed responses supporting or not objecting to the Department's proposed modifications to the schedule. Omya also replied to the Petitioners' response restating its support for the Department's proposed schedule.

1. In a letter accompanying its motion, the Department indicated that the motion had the support of several of the intervening parties: the Ampersand Gilman Companies, the International Brotherhood of Electric Workers, the Town of Stowe Electric Department, Vermont Electric Cooperative, Inc. and Washington Electric Cooperative, Inc.

2. In its response, AARP also requested that the Board schedule a second public hearing following the technical hearings.

Under the Department's proposed schedule, the deadline for the second round of discovery requests would be postponed from October 28 to November 28, 2011, with corresponding adjustments made to the rest of the schedule, such that technical hearings, now scheduled for the week of February 13, 2012, would be held during the week of March 12, 2012. In support of the proposed schedule modifications, the Department states that delays in its retention of expert witnesses and the need to provide intervening parties with a meaningful opportunity to participate in discovery has led it to believe that the current schedule does not provide sufficient time to conduct discovery and develop testimony.

In their response, the Petitioners propose an alternative schedule which would extend the deadline for the second round of discovery requests until November 18. However, the Petitioners object to the one-month delay in the technical hearings.³ Instead, the Petitioners' proposal would leave the dates of the technical hearings unaltered by requiring that all rebuttal testimony (including from the non-Petitioners) be filed January 18 and by eliminating separate prefiled surrebuttal testimony from the non-Petitioners. In a letter filed on November 1, the Department stated that, while it preferred the schedule it had proposed, it could perform its duties within the alternative schedule proposed by the Petitioners. In its reply to the Petitioners' response, Omya objected to the Petitioners' proposal to eliminate subsequent surrebuttal prefiled testimony by the non-Petitioners and to require all parties to file rebuttal testimony by the same date, noting that the proposal would not provide for an orderly progression of the process and would result in non-Petitioners following up their own direct testimony with rebuttal testimony.

As set forth in their Amended Petition, the Petitioners seek to complete the acquisition of Central Vermont Public Service Corporation ("CVPS") by June 30, 2012, and the merger of CVPS into Green Mountain Power Corporation by September 30, 2012.⁴ The Board understands the Petitioners' concern about the proposed one-month delay in holding the technical hearings. This delay would affect the timing of any Board decision and, even if the proposed transactions were approved by the Board, might postpone the completion of the transactions beyond the dates contemplated by the Petitioners and constrict the time available for the review of the first base-rate adjustment of the combined company. However, the Board regards these timing

3. The Petitioners also note that one of their witnesses will be unavailable for technical hearings during the week of March 12, 2012.

4. Amended Petition (filed on 9/28/11) at 4.

considerations, significant as they may be, as secondary to the need to ensure an adequate process to provide a sound basis for the critically important decisions to be made in this proceeding.⁵

The Board is particularly concerned about the ability of the other parties to respond to the Petitioners' prefiled rebuttal testimony with prefiled surrebuttal testimony. The prefiled testimony filed to date by the Petitioners fails to address in detail the specifics of several of the Petitioners' proposals. The Board expects that the Petitioners will address many of the specifics of their proposals more fully when the Petitioners submit additional prefiled testimony. Once such proposals are fully developed and more detailed information is provided about them, it is important that the other parties have an adequate opportunity to explore, question and challenge the Petitioners' proposals and then to submit their own additional prefiled testimony explaining the basis for their support, conditional support or opposition to the Petitioners' proposals. For example, it seems certain that the metrics and mechanisms by which the commitment to ratepayer savings by the Petitioners will be monitored and measured will be a subject of considerable interest to the Department and several of the other parties to this proceeding, as well as the Board.

Based on a consideration of the motion, responses and replies and the factors discussed above, the Board establishes the following revised schedule for the remainder of this proceeding:

5. As the Board has previously observed, the proposed transactions have significant and far-reaching, long-term implications for Vermont. They involve the merger of the state's two largest electric distribution utilities and would result in the ownership by Gaz Métro Limited Partnership and its parent companies (including Caisse de dépôt et placement du Québec and Enbridge, Inc.) of an electric distribution company serving approximately 70% of the state's retail electric load as well as the state's only retail gas distribution utility, Vermont Gas Systems, Inc. The proposed transactions will also have significant consequences for the ownership, control, governance and operation of Vermont's transmission infrastructure, which is owned and operated by Vermont Electric Power Company, Inc. (VELCO) and its affiliates. The Board's decisions about these matters could have far-reaching long-term effects on rates and service to all classes of utility customers, on the transmission and distribution of electricity, on other electric utilities, on renewable energy development, on in-state energy markets, on various state initiatives, on future industry consolidation and on competition, employment, the economy and the business and natural environment in Vermont. *See* Order re Intervention Motions (11/1/11) at 9-10.

2 nd Round of Discovery Requests on Petitioners	November 23, 2011
Petitioners' 2 nd Round Discovery Responses	December 9, 2011
Non-Petitioners' Direct Testimony	December 20, 2011
Discovery Requests on Non-Petitioners' Testimony	December 27, 2011
Non-Petitioners' Discovery Responses	January 10, 2012
Petitioners' Rebuttal Testimony	January 17, 2012 ⁶
Discovery Requests on Petitioners' Rebuttal Testimony	January 24, 2012
Petitioners' Discovery Responses	February 6, 2012
Surrebuttal Testimony by Non-Petitioners	February 13, 2012
Discovery requests on Non-Petitioners' Surrebuttal Testimony	February 17, 2012
Non-Petitioners' Discovery responses	March 1, 2012
Technical Hearings	March 7, 8 & 9, 2012 ⁷
Briefs	April 13, 2012
Reply Briefs	April 27, 2012

The Board notes the compression of some deadlines from the schedule proposed in the Departments' motion to allow for technical hearings beginning on March 7, 2012. Except for requiring the second round of discovery requests be made by the day before Thanksgiving rather than the day after the Thanksgiving weekend, the schedule compression generally has more effect on the deadlines applicable to the Petitioners.⁸

SO ORDERED.

6. The Board may consider holding another public hearing following the filing of Petitioners' Rebuttal Testimony.

7. The Board anticipates that additional days of technical hearings will likely be required, so it has also reserved the dates of March 19, 20 and 21 for technical hearings in this docket. Because of space constraints related to the size of the Board's hearing room and the number of parties participating in this proceeding, it may be necessary for the Board to find another location to conduct the technical hearings. Accordingly, the dates of the technical hearings may have to be changed depending on space availability.

8. In their response, the Petitioners express the understandable concern about avoiding undue burdens over holiday periods, "especially with respect to preparing discovery responses related to as many as eighteen parties." Petitioners' Response to Department's Motion at 2.

Dated at Montpelier, Vermont, this 4th day of November, 2011.

<u>s/ James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/ David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/ John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: November 4, 2011

ATTEST: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)